

**Verizon New England Inc.
d/b/a Verizon Massachusetts**

Commonwealth of Massachusetts

D.T.E. 01-31

Respondent: Paula L. Brown
Title: Vice President Regulatory

REQUEST: Department of Telecommunications and Energy, Set #3

DATED: June 13, 2001

ITEM: DTE 3-1 See p. 11, lines 9-14: Please define the phrase “new products and services” and describe the nature of the products and services that you consider to be “new products and services.” Would you consider a bundling of existing services to be a new service?

REPLY: The phrase “new products and services” refers to any product and service not currently offered in Verizon MA’s tariffs or any combination of new and/or existing services. If Verizon MA were to bundle a new set of existing services, not currently offered in combination, the resultant bundled offering would be considered a “new service” subject to Paragraph J of Verizon MA’s proposed plan.

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ITEM: DTE 3-2 See p. 23, lines 8-10: According to Ms. Brown's testimony, "[The Plan] allows Verizon Massachusetts some measure of pricing latitude that its competitors already enjoy, while requiring the Company to assume significant competitive risks." Please describe in full the "significant competitive risks" that are referenced in this quote.

REPLY: The "significant competitive risks" referenced in this portion of the testimony refer to market losses that Verizon MA will continue to incur in Massachusetts because of the magnitude of competition.

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ITEM: DTE 3-3 See Verizon response to DTE 2-15: If the \$1.10 per line increase to the Residence Dial Tone to account for making Eastern LATA toll rates equal to Western LATA toll rates were included as part of the \$3.99 increase referenced in the last paragraph of the Company's response to DTE 1-10, what further reductions in the toll rate schedule would be required to make the revenue loss equal to the revenue gained from the \$3.99 increase?

REPLY: In response to DTE 1-10, Dr. Taylor's analysis assumed a complete pass-through of access charge reductions to Verizon MA's statewide average retail toll prices. This penny-for-penny reduction would produce a decrease of approximately 55.4% in Verizon MA's statewide average residential toll rates.

Verizon MA's response to DTE 2-15 estimated the reduction that would be required to change the Eastern LATA residential toll rate schedule to equal the Western LATA residential toll rate schedule. This change would produce a decrease of approximately 24% in Verizon MA's statewide average residential toll rates.

Therefore, to achieve the same magnitude of reduction assumed in the response to DTE 1-10, the current overall statewide average residential toll rates assumed in the answer to DTE 2-15 would have to be reduced by approximately an additional 31.4%.

